

## COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

**July 27, 2004**

**5:30 PM**

Chairman Forest called the meeting to order.

The Clerk called the roll.

Present: Aldermen Forest, Gatsas, Osborne, Porter, Lopez

Messrs.: R. Sherman, D. Prew, T. Arnold, K. Dillon

Chairman Forest addressed Item 3 of the agenda:

Resolution establishing a trust fund and pay-as-you-go fund in 2006 from monies that would be available after payoff of the fiscal year conversion bonds.

Mr. Randy Sherman stated as you may recall the Finance Department made a presentation back in May relative to the City's debt, rating agency reports and best practices as published by Fitch. One of the items within the best practices list that the City currently does not really meet is the pay-as-you-go and as part of that meeting we presented to the Board a resolution to establish the trust fund that is attached as Item 3 on tonight's agenda. Just a little back-up before we open it up as a little refresher. What this resolution does is it established a trust fund. This is not a funding resolution. Funding or putting dollars into this trust fund would not occur until 2006 at the earliest. So we are not here asking for any commitment or decision as far as the funding. What we are proposing, though, is that going forward after the fiscal year bonds are paid that then will create dollars that are in your FY05 budget that would not be required for the FY06 budget. So it does free up some dollars. Now obviously you can use those dollars for anything but we are looking to move that into a pay-as-you-go system and use those dollars to fund short-term assets. Those assets with maybe a five year life or less. Again, just as a little reminder when we presented the numbers back in May, 60% of your bonded projects are under \$500,000. 18% of your bonded projects are five years or less in life and it is those projects that we are looking to pull out of the bonding process and move to a pay-as-you-go. We all know that over the past number of years Diane Prew is here and we stripped just about all of her equipment money out of the budgets and we have struggled trying to fund vehicle purchases and that is really what this trust fund is all about. One last thing before I turn it over for questions is with a five year bond project you can typically add 10% to 12% to

that for interest costs over that five year period and because we are bonding so much in five year projects in essence we are spending interest dollars that we really don't need to spend if we had this pay-as-you-go system. Based on that I will open it up for any questions.

Alderman Lopez asked the \$5 million conversion bond that we talked about in 2006. Can you just break that down in conjunction with this resolution so I completely understand it? If you had \$5 million today what would happen.

Mr. Sherman answered the fiscal year conversion bond is just around \$3 million but what we would propose to do if the Aldermen agree is in next year's budget we would take \$1 million of that \$3 million and put it into pay-as-you-go capital for 2006. So that \$1 million would be available next year for acquisition of five year assets, which would be computer and technology items, vehicles and those types of things. We would then take the balance of the \$3 million or \$2 million and put that in the trust fund and then come around 2007 we would do the same thing. We would take \$1 million and put it in the pay-as-you-go and \$2 million and put it in the trust fund. In addition to that \$1 million in 2007 you would also have the interest from the trust fund. So you would actually keep increasing that pay-as-you-go and that is the whole idea of setting up the trust fund. If you bank those dollars you eventually get out of the point where you have to fund those in the operating budget anymore and then the earnings on the trust fund are paying for your cost.

Alderman Lopez asked so the taxpayers don't get a break whatsoever.

Mr. Sherman answered the taxpayers would get the break in the fact that you would be able to remove certain things out of the current operating budget. For example, your FY05 budget has \$300,000 for MER for next year. Probably still an inadequate amount but there is \$300,000 in there. There may be some miscellaneous computer items and those types of things in the budget. As far as FY06 goes those would all be able to be computer items and those types of things in the budget. As far as FY06 goes those would all be able to be removed. I realize you have \$3 million on one side and you are saying maybe you can pull out \$300,000, \$400,000 or \$500,000 on the other side but over a period of time the benefit of having that trust fund would far outweigh the...again that is the concept. If you want to say well okay let's put \$500,000 into pay-as-you-go and \$1 million in the trust fund and reduce...I mean you can move those numbers around as you like but we have that \$3 million in the budget and that is the number we are talking about because we know that the \$3 million goes away for FY06.

Alderman Lopez stated under Item B it states “the Board of Mayor and Aldermen may appropriate an amount not to exceed 75% of the investment earnings from the prior year.”

Mr. Sherman responded yes.

Alderman Lopez asked so you had \$2 million in there and the earnings on \$2 million...

Mr. Sherman interjected well that is one of the things I talked to Joanne about before the meeting. Right now we are investing between \$1 million and \$1.5 million if we are lucky. The trust funds last year were over 20% earnings and realize they can get into equity so we realize that it goes up and it goes down but what the idea and the concept is is to continue to grow the trust funds so again you always have those earnings to pull out of there. The way this is written is let's assume we do make \$200,000 of earnings. You would only take out of that \$150,000 and leave the other \$50,000 to then add and grow for the following years. So you would have the \$1 million plus you would have the \$150,000 to spend going forward. Again, that would then eliminate the need to bond those items and give you more debt capacity for 20-year projects.

Alderman Gatsas asked Randy you said 60% of the projects are \$500,000 or less.

Mr. Sherman answered correct.

Alderman Gatsas asked what is that total amount.

Mr. Sherman answered let me see if I have that in here. I didn't bring that with me.

Alderman Gatsas asked ballpark.

Mr. Sherman answered let me see if I can just tell from the graph. Since 1989 it is probably maybe roughly \$20 million or actually it is...wait a second. We have got actually close to \$40 million.

Alderman Gatsas asked and the 18% is five years or less so that would be part of that \$40 million.

Mr. Sherman answered correct.

Alderman Gatsas asked and \$3 million would bond how much on a five-year deal.

Mr. Sherman answered for a one-year payment on the \$3 million roughly about \$13 million.

Alderman Gatsas asked so if we took that \$3 million over a five-year period we could bond \$13 million for five years. Do you hear what I am saying? If our principal and interest payment was going to be \$3 million how much could we bond for a five-year debt?

Mr. Sherman answered I do but that would cost you about \$2 million of interest.

Alderman Gatsas asked over five years.

Mr. Sherman answered over the five years right.

Alderman Gatsas asked but \$13 million if we encumbered \$15 million we would get \$45 million out of it...no \$65 million is that correct.

Mr. Sherman answered no.

Alderman Gatsas asked you said \$3 million covers \$13 million.

Mr. Sherman answered yes.

Alderman Gatsas asked per year.

Mr. Sherman answered no. You would get one shot at the \$13 million for five years so you would have to pay \$13 million a year for five years to get \$13 million up front.

Alderman Gatsas stated but that doesn't make sense because \$3 million over five years gets us \$15 million.

Mr. Sherman responded right so it is the \$13 million plus the interest which would be the \$15 million and then at the end of the five years you have nothing in the bank and you have incurred the extra \$2 million. Rather than buying \$15 million worth of items you have only bought \$13 million.

Alderman Porter asked that is assuming roughly 5% interest amortized.

Mr. Sherman answered yes. It is scaled. The way our interest goes Year 1 is actually lower and it goes up but yes it is probably a little less than 5%. That is why I said over the period that we went back and looked at, which was about 15 years, it averaged between 10% and 12% depending on the markets.

Alderman Gatsas stated my question would be if we were going to make an impact on what we have really been lagging behind on for the last few years why wouldn't we make a commitment and say we take that \$3 million for a five year period, take a \$13 million hit and buy what we should have been buying for the last five years and it is not going to impact the tax rate in any way.

Mr. Sherman responded well it does in the fact that you pay \$2 million of interest that you didn't have. You are right. It is \$3 million either way. You are right but if you go back and actually look at like the motorized equipment accounts you don't need \$13 million up front. What you want to do and Kevin Sheppard has put together a decent program that needs a little bit of refinement to it but you want to recycle. What you don't want to have happen is 10 years from now have another \$13 million liability come up because if you go out and buy it all now you haven't staggered it in and gotten it over time and you also are now not getting any return on those \$3 million. Not only is it costing you \$2 million interest, you haven't earned anything on those dollars.

Alderman Gatsas replied right but what you are reducing is the total commitment. If you do it on the front end and do it over five you are right, you are not replacing but in the fifth year to the tenth if you go to your program then you are doing what you should be doing. What you are saying is you are taking \$1 million and spending it and saving \$2 million and spending the interest off of that.

Mr. Sherman responded you are right but again you have lost the \$2 million for good. I mean that is interest that you have lost and you haven't earned anything on those trust funds. That is the reality of it. The other thing is there are certain vehicles that you can't bond. So again we could do the cruisers and the dumptrucks and all of those types of things because they are not bondable.

Alderman Gatsas asked you can't do a five-year bond.

Mr. Sherman answered you are talking a \$20,000 item. If we are talking about a \$250,000 snowplow for the Airport yes that is okay and we even bond the packers at \$80,000 but if you are talking about a \$15,000 van for the survey crew, that is really not a bondable item, which is why we are trying to get to the pay-as-you-go. It is the same thing with the items that Diane is looking at. If she wants to go out and buy a mainframe for \$400,000 we can bond that but if she wants to go out and changeover all of her PC's those are \$1,500 or \$2,500 and you should be paying cash for them.

Alderman Gatsas stated we keep setting up these savings accounts. We have more savings accounts now then you can shake a stick at and I certainly don't disagree

that the rainy day fund is a justifiable one and I certainly don't disagree that the other one we have that has \$6 or \$7 million in it but at some point we are saving money and costing taxpayers dollars.

Mr. Sherman responded again we don't think you are because by setting up that long-term plan and again if you go through those rating reports that is one of those things they like is that we do have the ability to put that money away and have it to build a plan and get there.

Alderman Gatsas replied well we have been paying for it for the last 15 years when you did the conversion so they have been paying \$12 million. \$12 million at \$.19 per \$1 million is how much?

Mr. Sherman responded but that had a break even and I don't recall the year but it was like after four or five years that was a break even.

Alderman Lopez moved to table and asked Mr. Sherman for some examples of what he is talking about working on the \$3 million in writing.

Mr. Sherman asked are you looking for maybe a cash flow over a number of years.

Alderman Lopez answered yes. You know the ideal world is probably what you are talking about and maybe in the business world that happens because they get revenue from various sources. The only people we get the revenue from is the taxes. I would like to see it in more sample form and maybe a couple of categories where I can analyze it a little better.

Alderman Porter duly seconded the motion to table. Chairman Forest called for a vote. The motion carried.

Chairman Forest addressed Item 4 of the agenda:

Communication from Diane Prew, Director of Information Systems,  
requesting approval to allow the City of Rochester to purchase a copy of  
Manchester's Dog Licensing software subject to conditions stated.

Ms. Diane Prew stated as I stated in my letter we have a request from the City of Rochester for our dog licensing software. This is software that was developed in the Information Systems Department and, therefore, is owned by the City. We would like to provide this but we felt that we should get the Board's approval to do it. We have reviewed the agreement with the City Solicitor that would insure that the ownership of the software would remain with the City and it could not be

more widely distributed without our consent and that all costs associated with preparing the software would be paid for by the City of Rochester.

Alderman Osborne asked how much is it going to cost us to get it together.

Ms. Prew asked do you mean prepare it to give to Rochester.

Alderman Osborne answered no to prepare it in the first place.

Ms. Prew responded I really don't have a number on that. I would have to do some research.

Alderman Osborne asked and they are willing to pay but they don't know how much it is.

Ms. Prew answered no. We are not selling them the software. There is a distinction here. We would be giving them a copy of the software. What we would be asking them to pay for would be the work that would have to be done by someone on my staff to prepare it. In other words the data that belongs to the City would have to be removed from it and copies would have to be made...

Alderman Osborne interjected what about the initial preparation of that software.

Ms. Prew responded well that was developed over a period of time with the City Clerk's Office. That has been refined over a number of years...

Alderman Osborne interjected wouldn't that be worth something though.

Ms. Prew stated as a department we don't feel we should be selling the software because if we sell it then there is a certain requirement to insure that it works and provide support and even make enhancement as we move along and we are not in a position to do that. So what we are saying is if they would like to have it they would receive it in an "as is" condition and they would definitely have to make some modifications to it to make it work for them but they will have to do that on their own at their own expense. We don't have the resources to provide support to outside organizations for our software.

Alderman Osborne asked but you have to prepare it for them and you are going to be charging them for the preparation or copying and then if something goes wrong in that aspect what happens there.

Ms. Prew answered they take it "as is" and the agreement very clearly states that. We are estimating that it might take eight hours to prepare the information and to

meet with whoever is going to take this over and explain some of the basic information that goes along with the information and give them some documentation.

Alderman Osborne stated I still think there is something that is worth something at this point.

Ms. Prew answered we would be reimbursed for the staff time that would be put into this.

Alderman Osborne responded I am talking about initial preparation again, not just copying it and giving it to them but what it cost the City for all the help it had over the years to do this. It is knowledge right.

Ms. Prew answered yes.

Alderman Porter asked if they were to do this themselves from scratch what would it cost them or if you were to sell it...if we were in the business, which we are really not of selling software what kind of a value would you place on it roughly if you have any idea. Hundreds of thousands or ten thousand or five thousand?

Ms. Prew answered maybe \$5,000 or something like that.

Alderman Porter stated so it is really in the spirit of cooperation from community to community.

Ms. Prew answered that is correct.

Alderman Porter moved to approve the request. Alderman Lopez duly seconded the motion. Chairman Forest called for a vote. There being none opposed, the motion carried.

## **TABLED ITEMS**

6. Report of the Committee on Administration/Information Systems recommending that the Board of Mayor and Aldermen provide funding for public access.

On motion of Alderman Lopez duly seconded by Alderman Gatsas it was voted to remove this item from the table.

Alderman Lopez stated I would like to ask the City Solicitor for an update please.



Deputy Solicitor Arnold responded I have not had MCAM contact me since the last meeting. I have been working on a proposed written agreement with MCAM over the services to be provided in various practical matters, which I plan on forwarding to them for their review. Hopefully when they receive that and have a chance to review it we can sit down together and work out any differences that may exist so we can get a proposed agreement to this Committee that subject to the Committee's approval and the Board's approval at least meets the approval of MCAM and the Solicitor's Office.

Alderman Gatsas asked can you give us what you have prepared to date.

Deputy Solicitor Arnold answered I could do that certainly. I don't have it here with me.

Alderman Gatsas stated well if I am looking at Item 6 the note says tabled 6/14/04 pending a meeting between MCAM, Solicitor and Finance to come up with an agreement and bring it back to the next meeting.

Deputy Solicitor Arnold responded that is correct.

Alderman Gatsas stated we are here aren't we. Is this the next meeting?

Deputy Solicitor Arnold responded yes it is.

Alderman Gatsas asked and we don't have an agreement or anything.

Deputy Solicitor Arnold answered at this point no we do not.

Chairman Forest stated I talked to Mr. Arnold last week or the week before about this and neither his office nor Dr. Sullivan's office have gotten together on this. I don't think it is all his fault.

Alderman Gatsas moved to receive and file. Alderman Osborne duly seconded the motion.

Alderman Lopez stated this is an agreement...it has to be done. You can't just arbitrarily say receive and file and it is not going to be done. I just want to make that point.

Alderman Gatsas replied I understand that Alderman. My point is that we come to these meetings and we suggest to people that they should do things and we come back to the next meeting and it is not done. If you look at some of the dates on these things that are pending they go back to March, April, June so I kind of look

at them and say if they aren't important enough to bring the information back to the Committee maybe we should receive and file them and send a message.

Alderman Lopez responded I agree with you. That doesn't mean that they can't always come back to the Committee with a new document. I concur.

Chairman Forest called for a vote. The motion carried with Alderman Porter being duly recorded in opposition.

Deputy Solicitor Arnold asked does this mean that you do not want me to meet with MCAM and try to develop an agreement with them at this point.

Alderman Gatsas answered I guess you can do it at your leisure as you have been doing it because this Committee asked you to come back with a report at this meeting.

Alderman Lopez stated the way I am understanding it, Tom, is that the receive and file doesn't stop the process if you bring in the document or the agreement that you come up with it has to come before the Board of Mayor and Aldermen for approval so if you bring it back next month it becomes a new document.

Deputy Solicitor Arnold responded I just want to be clear. Thank you.

Chairman Forest stated so it is received and filed but if they do come up with an agreement it will go to the full Board instead of this Committee.

Alderman Lopez responded yes that is the way I understand it.

5. Communication from Diane Prew, Information Systems Director, advising that the Mail Operation Committee met to review the proposals and as a result a new proposal from Pitney Bowes was received that the committee will be meeting shortly to review.

On motion of Alderman Porter, duly seconded by Alderman Lopez it was voted to remove this item from the table.

Ms. Prew stated this is an item that has been on the agenda for quite some time. To give you some background there was a mail operation survey done throughout the departments by Pitney Bowes. They made a proposal to the City and at the same time another company by the name of FORMAX made a request to make a presentation. A presentation was made in April of last year. This Committee asked that a committee be established to review the proposals. That was done. Representatives of the City Clerk's Office, Public Works, Tax Collector, Water

Works and Information Systems made up that committee. What Pitney Bowes was proposing was that they would print all of our forms for the mailings that we do and centralize the City's mail function using their equipment. They proposed that this would save the City money through functionality. A member of my staff and I went to a demonstration at Pitney Bowes and we brought the information back to the Committee and what we found was the functionality that was being proposed we already had the capability of. We also found that the Pitney Bowes software was not compatible with the HTE software and would require HTE to make modifications for us, which would cost us additional funds. We currently use a mailing service for the bulk mailing process and the advantages of that are to keep us abreast of postal regulations. They do all of the checking of the address corrections. They handle the pre-sorts and get us the lowest postal rates. They pick-up and deliver. We have about...well for the tax bills we do a run of 30,000 bills at one time. The equipment that was being proposed will process roughly 1,000 bills an hour so an estimate from Pitney Bowes was that it would take us about 40 hours to complete the run on the tax bills. When we do the tax bills we complete them in nine hours and we have back-up equipment so should there be a problem with our printers we can go to another printer. With the Pitney Bowes equipment if there were a problem we would have to look to them for back-up. The tax bills are time sensitive and they need to get out at a specified time. Forty hours is one man week. During that time we would also have to arrange for the utility bills. That could get us overtime consideration and cost us additional funds. Then there is the question of where to put the equipment. It is a rather large piece of equipment and staffing to maintain it. After discussing all of this with Pitney Bowes they felt that the proposal probably wasn't in our best interest. They did come back with a second proposal, which was very scaled down where they would do the folding and stuffing of the bills and provide a postage machine at a central location. The problem with that is when handling a great deal of mail in a short period of time with that particular proposal we would still have to go to the mail service for pre-sort and address correction capabilities. The proposal from FORMAX was very similar to the Pitney Bowes scaled down proposal. It is the committee's opinion at this point that it is really not in the City's best interest to move from the mail service.

Alderman Porter asked what would your recommendation be.

Ms. Prew answered we have handled the large mailings for many years and we have tried all kinds of different ways of dealing with it. We found that printing the forms on 8 ½ x 11 paper is the most cost effective way and sending it out the mail service...that is what their primary function is and they do it very well and we feel that is really the most cost effective way to deal with it. We would recommend that we not move away from that.

Alderman Porter moved to receive and file. Alderman Gatsas duly seconded the motion. Chairman Forest called for a vote. There being none opposed, the motion carried.

7. Communication from Barbara Vigneault, Elderly Services Director, advising of CMC's proposal to provide community and medical services at the new Manchester Senior Activity Center.

This item remained on the table.

8. Communication from Alderman Shea relative to procedures for citations.

This item remained on the table.

9. Report from City Solicitor regarding requested language for charter amendment relating to internal auditor and primary elections, if available.  
(*Note: Solicitor still working on it and will report back at July meeting.*)

On motion of Alderman Gatsas, duly seconded by Alderman Lopez it was voted to remove this item from the table.

Alderman Gatsas asked do we have any information.

Deputy Solicitor Arnold answered no unfortunately not Alderman. This one has inadvertently slipped through the cracks on my desk for which I apologize.

Alderman Gatsas moved to receive and file.

Alderman Osborne duly seconded the motion.

Alderman Lopez stated I think this is a very important item. This was discussed during the previous Charter Commission and maybe the City Clerk can help me. In order to get it on the November ballot we are going to have to work pretty fast here. I don't think we can get it on the September ballot but everybody was in favor of taking the auditor out of Finance during the Charter Commission and all of the other conversations we had about it. What is the timeframe for us to do this?

Deputy Clerk Normand responded I think we still have time to get it on the November ballot. I am not sure if Solicitor Arnold is working with Carol Johnson on that or not.

Deputy Solicitor Arnold stated in line with the last receive and file I certainly intend on reporting back on this one. I will attempt to get the appropriate Charter language and review it with Kevin Clougherty by the end of the week.

Alderman Gatsas responded let him bring it back to the full Board because, Alderman, it is not going to do us any good here. We might not meet in time.

Alderman Lopez stated well I just don't want to lose this particular important issue.

Alderman Gatsas replied well then make it very clear to the City Solicitor that he needs to report to the full Board on Tuesday.

Alderman Lopez stated you have a motion on the floor. Will you withdraw it?

Alderman Gatsas withdrew his motion. Alderman Osborne withdrew his second.

Alderman Lopez moved to have the Solicitor report back to the full Board at the meeting on Tuesday.

Chairman Forest asked is that enough time, Tom.

Deputy Solicitor Arnold answered it will be done.

Alderman Porter duly seconded the motion. Chairman Forest called for a vote. There being none opposed, the motion carried.

**10. Financial Restructuring proposal – response from Mayor, if available.**

On motion of Alderman Lopez, duly seconded by Alderman Osborne it was voted to remove this item from the table.

Chairman Forest stated just prior to the last meeting I spoke to the Mayor and to Mike Colby about this. They were supposed to give us a report at this meeting and apparently it hasn't been done. I am just wondering what your pleasure is with this. I can go back to the Mayor's Office tomorrow to find out why...they didn't want to remove it from our Committee either but we are not getting any information from them.

Alderman Lopez moved to receive and file. Alderman Porter duly seconded the motion. Chairman Forest called for a vote. There being none opposed, the motion carried.

Alderman Porter stated this particular item is important but the recommendation from the Committee chaired by Mr. Ray Pinard was to not do anything until the audit function was removed from the Finance Director.

Chairman Forest asked what are you talking about here.

Alderman Porter answered the last item we just received and filed. I am not trying to belabor it but I just think that it deserves to be received and file at this time.

Chairman Forest asked are you talking about Item 10.

Alderman Porter answered I was.

Chairman Forest stated well this has been here for awhile. This was worked on long before March of this year. I think we also worked on it in Committee last year.

- 11.** Communication from Alderman Osborne requesting the contract compliance issues noted in the management letter be referred to the Committee on Administration.

On motion of Alderman Osborne duly seconded by Alderman Lopez it was voted to remove this item from the table.

Alderman Osborne stated I brought this to Committee because I thought we could discuss it a little further. I think it is self-explanatory. On this draft here it says the, "the City aside from the Manchester Airport does not have an individual who is responsible for maintaining and overseeing its various long-term contracts." Contract compliance is currently the responsibility of the various department heads or project managers assigned to that project. These individuals may have backgrounds in fields such as engineering or information technology, which provide them with the knowledge to oversee portions of the projects but generally these individuals do not have the expertise needed to properly administrate the contract itself." I think that speaks for itself. Either you want somebody to look over the contracts or you just want to let them go as is.

Chairman Forest asked didn't we refer this...it says pending review of management letter but I don't recall who we referred it to.

Alderman Osborne answered this was referred by the full Board back to this Committee.

Chairman Forest asked but didn't we table it because it was going somewhere. Again, I can't recall.

Alderman Osborne stated it is going nowhere evidently that is why we are going to discuss it.

Alderman Lopez asked what are you reading.

Alderman Osborne answered Item 11. It is just self-explanatory. What their recommendation is and what we need to come up with are two different things I think.

Chairman Forest asked should we recommend that it go to staff and have somebody overlook it and come up with a recommendation.

Alderman Lopez stated this was supposed to be discussed with the Finance people and everyone else. Maybe Mr. Dillon...

Alderman Gatsas interjected it has nothing to do with him. It is coming from Accounts and it came to us.

Alderman Lopez asked so it came from Accounts but it has to do with the Manchester Airport.

Chairman Forest answered no I think it has to do with contracts.

Alderman Lopez asked the Airport is all set right Mr. Dillon.

Mr. Dillon answered yes.

Chairman Forest stated I believe this was a recommendation by Alderman Osborne that went to Accounts and then they sent it to us and I don't recall why we tabled it. I was under the impression that we sent it to staff.

Alderman Osborne stated it was sent here to discuss it further.

Alderman Lopez asked maybe the City Clerk can help us get that information. It is on the table for some reason.

Chairman Forest stated all it says here is it is pending review of management letter, which is this but I thought we sent it somewhere to be reviewed and to come back to us.

Alderman Gatsas stated the Committee on Accounts, Enrollment & Revenue Administration got a letter on February 4, 2004 and Alderman Osborne's letter comes February 10 so it looks like there is a contract compliance officer and some clear statements of what was done in New Haven, CT on October 29, 2003.

Alderman Osborne stated there was a motion by myself and seconded by Alderman Lopez back on the 17<sup>th</sup> of 2004 that it be referred to the Committee on Administration.

Alderman Lopez stated I remember tabling it.

Chairman Forest stated I recall it being tabled at one of our meetings but I do not recall who it was sent to. Kevin, do you have an answer?

Mr. Dillon stated even though the Airport in that management letter was cited as not having an issue this involved the other departments but it is something that we have followed at the Airport as well. I believe what happened is that the audit report was provided to the Committee on Accounts. The Committee on Accounts then voted to send it to this Committee to review whether or not this issue should be pursued in terms of creating a contract administrator position. I can tell you...I certainly don't want to speak for any other departments but I know there are very specific feelings from a few departments regarding this item who take issue with that audit report.

Alderman Gatsas stated it should have been done during our Finance meetings so we could put it in the budget.

Alderman Osborne stated what I am trying to say here is legally these contracts are not looked at. It is up to the department heads or whoever to go ahead with these contracts and if there are some loopholes in there or something else I think it should be doubled up by the City Solicitor or the legal department that we have at least. Some of these larger contracts should be looked at. You can't have knowledge in everything in life.

Ms. Prew stated I did not respond to that management letter but I would just like to say that I have been with the City for 25 years and a lot of contracts have gone through my office and some pretty big ones and we have followed all of the rules. They go through the City Solicitor's Office for review. We check with the Finance Department as to the financial viability of the people we are dealing with. I am not sure that adding another level of oversight is going to add anything to that and in terms of knowing when payments are appropriate for a contract we are the ones who know when the software is acceptable and when it is not and we have, on many occasions, held payments. I have called on performance bonds and bid



bonds. I guess I just wanted to add that to the record in terms of what some of the other departments have stated in response to this.

Alderman Porter stated I think most of the departments over the years have been responsible for the contracts that they have been involved with. I do think, however, that maybe rather than necessarily another individual as a contract administrator I think the contracts if they are kept within the department is fine but there should be a central repository for at least safe keeping and I think that would possibly be the Solicitor's Office as a legal document if nothing else something they have reviewed. They wouldn't necessarily be charged with enforcing them because they are too numerous and the individual department heads...Diane I would say that is your responsibility in Information Systems to make sure that those are kept but I do think they ought to be kept in addition to in the departments possibly with the City Solicitor or some kind of archival storage media.

Ms. Prew responded well I do believe that we do send copies of the contracts to Finance.

Alderman Gatsas asked Diane were you aware tonight that we had discussion about a piece of property that was due a deposit in 2002 and we just got it in the last six months.

Ms. Prew answered excuse me.

Alderman Gatsas replied were you aware during this Committee meeting about a contract that we were supposed to be in receipt of \$1,000 deposit for a piece of property and that was in December 2002 and the City never received it until three or four months ago. Are you aware of that?

Ms. Prew answered no.

Alderman Gatsas stated so there should be somebody watching contracts because we had problems with the garage contract and we have had problems with other contracts because there is nobody overseeing them and protecting the City. Should there be a compliance officer? When you have a \$200 million business there absolutely should be.

Alderman Osborne stated this is what my letter said of February 17, "during discussions with the auditor at the Committee on Accounts meeting on February 9 concerns were presented regarding our contract administration. I would like to have this issue referred to the Committee on Administration for review and recommendation to the Board of Mayor and Aldermen. It is my belief that at the very least all contracts should be reviewed by the City Solicitor. I also believe

there should be a repository for all contracts.” This is exactly what I am saying but to have somebody looking over somebody else I guess we don’t need a second manager but at least it should have a second look.

Chairman Forest stated I know there have been some oversights on some of the contracts this year and last year but I would like to hear from Deputy Solicitor Arnold. I know that Alderman Osborne said that somebody should have all of the contracts and all of that.

Deputy Solicitor stated I am sorry I was busy speaking with Alderman Porter and I didn’t hear the question.

Chairman Forest stated Alderman Osborne said there should be somebody who has all of the contracts and reviews all of the contracts and I am just asking you.

Deputy Solicitor Arnold responded we certainly review for form and execution if nothing else all of the contracts that are sent to us. I can’t tell you that all of the contracts in the City are provided to our department by the various departments that enter into those contracts.

Alderman Osborne asked can we put some sort of an amount on them then if we are dealing with \$3 million or \$10 million or something that is something that should definitely be looked at.

Alderman Lopez stated this kind of refreshes my memory that this is concern that has been brought up in every audit since I have been an Alderman. It is the auditor that is recommending this and that is why it was sent to the Committee on Administration. I remember when it was tabled that people were supposed to get together and come back and again I have to agree with Alderman Gatsas that we keep saying come back but nobody comes back. When we get audited again for 2004 we are going to have the same thing on the audit that we should have a contract compliance officer. I know the department heads run their own contracts but it has been found that certain dates are missing when money is supposed to be collected or there is an increase of 1% or the cost of living or whatever the case may be on the contracts and there is no one person in the City even though the department heads do run it and I understand that. I guess we can do nothing and next year when the auditors come again they are going to say the same thing minus the Airport.

Mr. Dillon stated I have to be honest with you. After working in many other locations and in state government in other states I have to believe that you should be holding individual department heads accountable for the operation. I certainly heard Alderman Gatsas talk about a particular situation and that is a very serious

issue but that particular department head needs to be held accountable for that. Just as the Airport has designated an individual within the Airport to watch out for this particular function to make sure that different triggers are being exercised, each department should be undertaking that because each department certainly knows their business better than a centralized staff function. I would ask the City Solicitor...I can tell you right now if I am directed that every contract at the Airport has to go to the City Solicitor for review you will bring the Airport to a grinding halt because he simply does not have the staff to keep up with the volume of work. We do turn very frequently and I am sure Tom will attest to that to the City Solicitor for legal advice on our contracts but I take the position that the expertise that we have hired at the Airport knows the Airport business better than a Finance Department or a Legal Department and it really has to come down to each individual department head has to be responsible for the operation that they are managing and if there is a particular department that isn't doing that then I would urge the Aldermen to focus on that department but not take a broad brush approach that is going to bring a lot of these City operations to a grinding halt if you create this level of bureaucracy.

Alderman Lopez stated but you have the luxury of doing everything that department heads should be doing whereby you can hire people to do that. In some cases the department head, himself, is taking care of the contract unless he has a Business Service Officer doing that. Now if the Business Service Officer is not doing their job I agree with you that they should be. How we get around the sort of problem of the auditor saying that we should have a contract compliance officer in the City let's say minus you. You have yours.

Mr. Dillon responded I am not disputing the fact that there should be somebody charged with overseeing the contract. I think I am disputing the philosophy that is being espoused in that audit that that should be centralized versus individual departments being responsible for their operation. I think folks need to be held accountable for what they are responsible for and there are, and again I don't want to speak for any other department but I have seen other examples in this City where departments are very much doing a good job in terms of how they manage the contracts. I would point to the Highway Department. I think that is certainly another department that doesn't have the volume of contracts that the Airport does but has quite a few contracts under their supervision and they seem very capable.

Alderman Gatsas asked what would you suggest, Kevin, should be the penalty for a department head.

Mr. Dillon answered I think it really involves the seriousness of the particular infraction. Certainly disciplinary action needs to be taken if there is actual malfeasance or gross negligence in the performance of duties. I guess I don't

really know how to respond to that other than to say that if someone on my staff certainly was negligent in the performance of their duties I am going to measure what was the outcome of that negligence and take appropriate action.

Alderman Gatsas asked so if there are contracts out there that were negotiated by the City some 20 years ago or maybe longer that would have called for a full payment of a bond that hasn't been done and extended without the authority of any Boards...I think the problem we are having is there is nobody who has any contracts on a timeline that says on February 1, 2006 the rate should be going up. Now maybe you do it much differently at the Airport and maybe the Highway Department does it much differently but we at the City all of the sudden something happens and it is well we will fix it the next time around and there is nobody overseeing those contracts and when payment should be made and whether they are being made on time and whether contracts are being fulfilled. I am not saying that someone should be in there to look at every contract that comes before the City but once the contract is done then there should be somebody there looking at compliance of the contract.

Mr. Dillon responded again as a casual observer of some of these issues that I have heard at these meetings I am not too sure that I am convinced that the problem necessarily becomes the negligence of any particular department versus...some of the issues that I have seen arise is the contract itself is not clear as to who has supervision of the contract and I think that is job #1. I think in certain circumstances I have seen finger pointing where a department says well Finance is responsible for it and Finance is saying the City Solicitor is responsible for it and the City Solicitor it saying the department is responsible for it. I think if you make it very clear in each department who is responsible for the particular contract then it falls within the realm of the supervision of that department and if that is Finance it should be Finance and if it is the Highway Department it should be Highway and if it is the Traffic Department it should be Traffic.

Alderman Porter stated that is my line of thinking for the simple fact that most contracts, I think, are clear. It is delineated who the authority will be. I think we have the generic between X and the City where these can be problematic and I think those can be handled on an individual basis and at the time they are negotiated they should be assigned to the proper location. I don't think we are dealing with hundreds that fall in that category. I think anything to do with Info. Systems is quite clear that that is Diane's or Kevin's at the Airport. I think that by and large that is the case with most of them. I just don't think we need...I think yes we do need somebody to look at some of these but I don't think we need to have an extra position to take care of this problem.

Alderman Osborne asked for instance what about the Verizon. We put that contract together and now we can't even put \$1 surcharge at the Verizon. Who looked at that contract? I wasn't here but I am just saying.

Chairman Forest stated the only one who was here at the time was Alderman Lopez but I think that was a few administrations before us. Again that wasn't done by us.

Alderman Osborne replied I am just asking. Something of that size should have been looked at.

Alderman Lopez stated I think the major problem is...it is the auditor who is saying this. Nobody else is saying it. It is going to be there next year when they do the audit. If there was some mechanism that all of the contracts for the departments were consolidated with times of when something had to be increased or when the contract ends or something like that somewhere in the City even though the department heads are responsible for taking care of the contract what happens when that Business Service Officer moves on to another department. He gets what he has in that department maybe so the problem is still going to be that we don't have a contract compliance officer in the City. Now whether that be that all department heads are responsible to send all contracts to X in the City and that is put on a computer and just like at the Committee on Accounts and Enrollment things are brought to them or to the Committee on Administration and they can ask for the status on X contract if they wanted to. It can be hard work or it can be the department heads are still responsible but at least somebody on the City side has knowledge of all of the contracts in the City and I think that is the major issue. We don't know all of the contracts in the City and even though you rely on the department heads you always find out these different things that happen. I think that is where the auditor is going and unless we have somebody on the City side saying okay Frank Thomas you will send a copy of all of your contracts over here and they will be recorded and you have a master list of all of the contracts in the City...maybe that will satisfy the auditor. At least somebody will be checking on it whether it be Finance and I think it would be Finance because most contracts deal with Finance but I don't know. I think the problem too is if I may at this time I was going to say Item 7. At some point we have all of these things that are tabled but there are very few people who are here for any tabled items and somewhere along the line there must be some miscommunication. I thought that agenda meant the whole agenda because any Alderman can pull anything off if he gets the votes and that is the dilemma we are in here tonight. We don't have anybody here to give us some more information number one and number two may I suggest through you that the City Clerk notify these people that unless they contact the Chairman they should be here or find out if the item is coming up or

find out if you as the Chairman know that they are still getting information or something like that because we just can't operate this way.

Chairman Forest stated I know that a lot of these tabled items I have been pretty much covering this week. I have talked to some of the people involved to get them off of the table. I wasn't successful with all of them. This one here I was a little perplexed with.

Alderman Gatsas moved to send this issue to the Personnel Director to get a pay grade for a compliance officer and report back to the full Board. Alderman Porter duly seconded the motion.

Chairman Forest stated one of the suggestions I would have are there are some recommendations here by the auditor and I was just wondering if maybe we...I don't know if I would want to create a new position but maybe we can take some of these recommendations and put them to use for our City and then come back with a recommendation once this is done. I really don't know who to send it to right now. I don't know if I would want to create a new position.

Alderman Osborne asked what type of expertise does it take or qualifications does it take to become a compliance officer. What exactly is his expertise?

Chairman Forest answered I really don't know. If I did I would probably apply for the job myself.

Deputy Solicitor Arnold stated I don't know from a personnel perspective other than to say if you are going to have one person looking at all of the various contracts of the City whether they involve the Airport, Highway, Traffic, etc. that it would seem to presume overly broad knowledge on one person's part to be able to review all of them.

Alderman Lopez stated I know that when we had the City Coordinator I wasn't an Alderman but I understand that the City Coordinator's Office had contracts within his role as a City Coordinator so that is another area that I think...as you are all well aware of we have a new City Coordinator coming aboard when the process goes through here and that is another avenue. We could make him the contract compliance officer for the City and let him work with the department heads. We could have that as part of the City Coordinator's job description, which is in Bills on Second Reading now. We could add that job description and work it along that line instead of hiring a new person just for something like keeping tabs on what the department head is doing. You are going to have to have somebody who can interpret the contract and the percentage and all of that stuff and they are going to have to have some knowledge. This could be an added job that we could

recommend to the HR Director be added on to the job description for the City Coordinator.

Alderman Osborne stated all I am looking for is legal expertise here. I don't turn down Mr. Thomas or anybody else. They know their work and I understand all of that stuff. I am looking at legality.

Chairman Forest called for a vote on the motion to have the HR Director come up with what a compliance officer does and report back to our Committee.

Deputy Clerk Normand noted that the original motion called for a report back to the full Board.

Alderman Gatsas amended his motion to have a report back to this Committee.

Alderman Osborne asked this is not going to HR or anything is that what you are saying.

Chairman Forest answered it is going to go to HR and then coming back to us.

Alderman Porter withdrew his second.

Alderman Osborne asked so what do you want to do receive and file.

Chairman Forest answered I need another motion. It is your decision.

Alderman Lopez moved to notify the HR Director that we would like to have the contract compliance officer duties part of the City Coordinator's position.

There was no second.

Alderman Porter moved to put the item back on the table. Alderman Gatsas duly seconded the motion. Chairman Forest called for a vote. There being none opposed, the motion carried.

Alderman Gatsas asked this proposal for the Federal Bureau of Prisons. I know that this is a Lands and Buildings issue...

Chairman Forest interjected it is not in our Committee.

Alderman Gatsas answered well no it is before the whole Board but I guess my question is that they are urging Traffic and Safety to schedule a meeting to discuss

the issues with the Federal officials. Why wouldn't they be asking people on this Committee?

Chairman Forest responded I really don't know. I just received this letter today asking that it come to Traffic.

Alderman Lopez stated we as a Committee can make a recommendation to do anything.

Chairman Forest stated this was before the full Board and I think the full Board...

Alderman Gatsas interjected sent a very clear message but obviously somebody doesn't understand what the clear message of the Board was. I move to...well I guess we can do that on Tuesday.

Alderman Lopez asked why can't we do it right now.

Chairman Forest stated I don't know if we can. It is not in our Committee.

Alderman Lopez responded it doesn't have to be in our Committee. We can voice our opinion. I would ask the Solicitor for a ruling.

Chairman Forest asked Tom can we...we received a letter from the Mayor about the halfway house coming in...

Deputy Solicitor Arnold interjected I have not seen the letter. I suppose at this point...

Chairman Forest interjected it is a short paragraph if you would like to read it. Alderman Gatsas is inquiring whether we can make some kind of motion.

Alderman Lopez stated the question I have for the Solicitor is that any issue we want to take up at a Committee we can make any recommendation to any other Committee is that correct.

Deputy Solicitor Arnold responded yes.

Alderman Gatsas stated my understanding is that as a Board we sent a letter to notify the prison officials that we weren't interested as a City in having a halfway house. I guess my question is what City officials have been told to meet with these prison officials. In the letter I think it says something about having a committee to communicate with the Federal Bureau of Prisons on the issue. Now



I would like to know who is on that committee and who appointed the people and why isn't it known to all of the Board members as to who is on that Committee?

Chairman Forest responded I am aware that we as a Board voted that we didn't want to talk to them and we didn't want them in the City. That was a vote of the Board. If you want to make a recommendation we can have a motion.

Alderman Gatsas replied I am just going by this letter. It says this letter has been forwarded to Chief Jaskolka who is heading a committee to communicate with the Federal Bureau of Prisons on this issue.

Alderman Lopez stated I think he was directed by the Mayor to do it.

Chairman Forest stated I believe that also.

Alderman Gatsas stated well I would like to know who is on the committee.

Chairman Forest asked do you want to make a motion that this Committee send a letter to the Mayor and ask him who is on the committee and who authorized it.

Deputy Clerk Normand asked Alderman Gatsas would you just like the City Clerk's Office to find out who is on the committee and call you.

Alderman Gatsas answered either that or forward it to the full Board on Tuesday.

Deputy Clerk Normand stated we can do that for you. We don't need a motion.

There being no further business, on motion of Alderman Porter duly seconded by Alderman Osborne it was voted to adjourn.

A True Record. Attest.

Clerk of Committee